UNDER SECRETARY OF DEFENSE
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COMPTROLLER

MEMORANDUM FOR SECRETARIES OF THE MILITARY DEPARTMENTS
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UNDER SECRETARIES OF DEFENSE
DIRECTOR, DEFENSE RESEARCH AND ENGINEERING
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ASSISTANTS TO THE SECRETARY OF DEFENSE
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DIRECTORS OF THE DEFENSE AGENCIES

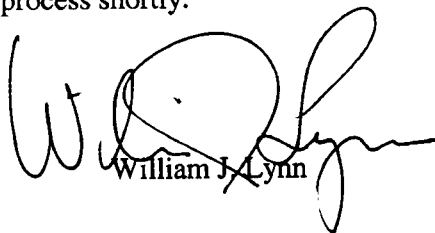SUBJECT: Year 2000 Compliance Funding Limitations

In his memorandum on "Year 2000 Compliance" dated August 7, 1998, the Secretary of Defense specified three standards that information systems must meet before FY 1999 funds may be obligated. These are:

(1)   Each mission-critical system listed in the Y2K database must have a complete set of formal interface agreements for Y2K compliance.

(2)   Each contract for information technology or national security system that processes date-related information must contain the Y2K requirements specified in Section 39.106 of the Federal Acquisition Regulation.

(3)   Every domain user in the Defense Information Systems Agency (DISA) megacenters must have signed all associated explicit test agreements with DISA.

This memorandum provides guidance on how we will comply with the funding limitation guidance.

The initial FY 1999 fund releases will reference the Secretary's guidance memorandum. This mechanism enforces the direction included in the Secretary's memorandum. In addition, based on OASD(C3I) recommendation, funding for DISA megacenter domain users and selected information systems will be withheld. These latter withholds will be cosigned by the OUSD(A&T). The withholds will be done through the normal fund release process.

Funds placed on withhold -- at either the OUSD(C), Military Department or Defense Agency levels -- will not be released for obligation until the OASD(C3I) has granted a specific waiver or confirms that the system has met the Y2K compliance standards. Program managers with critical funding needs may seek a waiver from the funding prohibitions. The OASD(C3I) will be issuing guidance on the waiver process shortly.

William J. Lynn